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NFAC 5984-80

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

28 August 1980

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment

FROM : John H. Holdridge
National Intelligence Officer for East Asia

SUBJECT : Mini-PRC Meeting on Indonesia, 27 August

1. Action Requested: None; this memorandum is for your information only.

2. Background: In view of your personal interest in the subject of US-Indonesian relations as well as the Agency's attention to this subject in recent weeks, I believe you will be interested in the outcome of the Mini-PRC Meeting held on 27 August to consider the situation in Indonesia as it affects US policy interests. In brief, the sense of the meeting was as follows:

-- In general terms, we must recognize that the priority we have accorded Indonesia in our foreign policy planning (political, military, and economic) has consistently been too low. In recognition of such factors as Indonesia's status as the world's largest independent Islamic state, strategic location at the eastern approaches to the Indian Ocean, and helpful stance on issues such as the hostages, this priority should be raised promptly to a much higher level.

-- More specifically, we should

- Issue an invitation now to President Suharto to visit the US in 1981, something which Suharto has long desired. If the present Administration wins the election, the invitation will already be on the books; if Reagan wins, his Administration will have to address the issue promptly.

NSC review completed.

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- Work out a formula for backing away from our not providing Indonesia with prior notification of warship transits (agreed to as the most serious affront to Indonesian nationalistic sensitivities) by arranging for Navy-to-Navy briefings which will be specific on times and places for US warships to move through the Sunda and Lombok Straits (we have never given notification of movements through the Malacca Strait). This will still require concurrence of the Joint Chiefs, whose representation took an exception and Elliot Richardson, our delegate to the Law of the Sea Conference. However, there was a feeling among those present that, one way or another, this concurrence would be obtained.
- Increase our military assistance to Indonesia substantially. Bob Komer, who was present at the meeting, did not discuss specifics but indicated he would be willing to see a doubling both of FMS sales and IMET. He also expressed willingness to provide ships of the Tacoma Class on a near-term basis.
- On economic assistance, although over-all budget figures for our worldwide aid programs have yet to be worked out, assure that Indonesia is accorded a "respectable" (for which read "high") priority. Moreover, it became apparent that agencies handling PL 480 and development assistance have been more concerned in making allocations under parochial criteria such as capacity to absorb aid rather than in keeping with national-level foreign policy considerations, and that much greater attention should now be paid to the foreign policy aspects. ICDA was tasked with preparing a statement on Indonesia's performance in using economic assistance, which a number of those present believe was far better than the ICDA representative was prepared to admit.

3. An unusually large number of agencies sent representatives to the meeting, including ICA, Agriculture, Treasury, and OMB in addition to State, Defense, JCS, CIA, and of course NSC. Under Secretary Newsom chaired. Assistant Secretary of State Holbrooke spoke eloquently on Indonesia's behalf. Bob Komer was also a principal player. I represented CIA accompanied by [redacted] David Aaron said very little except to call attention to possible future problems connected with the human rights situation on Timor.

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4. It would appear from the Mini-PRC Meeting that the concerns which we in this Agency have shared about US-Indonesian relations are now being addressed. Given the fact that in 1977 the President directed that priority attention be given to Indonesia, the Philippines, the Japan in the East Asia region -- this was recalled by Holbrooke -- there is always a possibility of renewed bureaucratic slippage regarding which we will keep a watch.

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[redacted]
John H. Holdridge [redacted]

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cc: C/NIC

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Proposed Agenda for Mini-PRC Meeting on Indonesia

I. Introductory Briefings (Holbrooke)

- a. US-Indonesian Relations
- b. Assessment of Internal Situation
- c. Problems with Muslims
- d. Prospects for Suharto Regime

II. Outstanding Issues in US-Indonesian Relations

St. Ornduff

- ✓ a. Consultations, official visits, expanded contacts, better comprehension of Indonesia's importance.
- ✓ b. U.S. warship transit notification.
- ✓ c. Security assistance relationship. *FMS IMET DA P#480*
- d. Appropriate level of U.S. economic assistance. *Patrol vessels*
- e. East Timor and human rights problems.
- f. Long range issues.

III. Recommendations and Conclusions

✓ *Military research project - Dr. Habib*